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Hsin Ching-chi Lun-ta'ung (Symposium on the New Economy) published by Shih-yueh Ch'u-pan She, pp 147-153.

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PRINCIPAL POINTS IN NEW CHINA'S INDUSTRIAL DEVELOPMENT

Cheng Pai-pin

According to the Organization Law of the Central People's Government, under the jurisdiction of the Government Administration Council there are 30 administrative units of which 16 deal with finance and economics. Of these 16, five deal with industrial affairs. This fact indicates not only that New China gives its full attention to economic reconstruction, but also that industrial development is the central task of economic reconstruction, in the future as well as at the present.

These five industrial units are: the Ministry of Heavy Industry, the Ministry of Fuel Industry, the Ministry of Textile Industry, the Ministry of Food Industry, and the Ministry of Light Industry. (Chinese editor's note: The Ministry of Food Industry has already been incorporated into the Ministry of Light Industry.) The work of the Ministry of Light Industry includes the regulation or the management of all industries outside the four other ministries. These other four ministries control the industrial fields which are in urgent need of reconstruction. These four fields are the principal points of reconstruction. The Ministry of Light Industry has under its jurisdiction all industries outside these four principal industries. Its establishment will prevent unhealthy developments in industry and guarantee the completion of the whole task of industrial reconstruction.

How can these four principal industries fully meet the urgent demand of our industrial development? How should these four industries be gradually established, developed, and expanded? Finally, how should industry as a whole be developed harmoniously?

There is no doubt that the development of heavy industry is the principal goal of our economic reconstruction. Some people might say that heavy industry requires large capital and yields small profits, that it progresses too slowly to meet urgent needs, and that it should be developed only in coordination with and by complying with the demands of light industry. This statement is wrong.

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In the first place, a country with no heavy industry has a very weak economic basis that is easily shaken. Secondly, a light industry which depends on the products of heavy industry from foreign countries has no control over its production costs. Thirdly, the industrial standard of a country cannot be established as long as that country depends on foreign countries for equipment and technical skill. Fourthly, and most important of all, if light industry is developed earlier than heavy industry, as was the case in England after the industrial revolution, it takes 100-200 years before complete industrialization can be achieved.

If we build heavy industry first, as the USSR did, it takes no more than 20-30 years before amazing accomplishments can be achieved. Economically backward countries should take heavy industry as their principal goal for economic reconstruction. This, they can learn from the example of the Soviet Union.

The problem is not whether heavy industry is important; the problem is how to develop heavy industry. At present, the government has not yet disclosed the fields under the jurisdiction of the Ministry of Heavy Industry. But, generally speaking, these fields must be the basic key industries, such as mining, smelting, the machine industry (which, in turn, includes machine production and the production of transportation and electrical equipment), the chemical industry, and the power industry. Since there is a Ministry of Fuel Industry, part of the power industry, (coal mining, coal oil refining, and petroleum mining) probably will be put under its jurisdiction.

These industries require large capital investment. Furthermore, only part of their products are for the direct consumption of the people; most of their products will go to light industry to enable it to produce, to expand, and to reproduce. Therefore, in the beginning when we start to reconstruct, we should expect to operate at a loss. But, we should have the determination and courage to make such large investments.

Under the present conditions, when the savings of our people are so small, we should admit that the development of heavy industry should be undertaken according to a definite plan and procedure. First, we should decide which fields in heavy industries should be emphasized; that is, the most urgently needed and the key industries should be the first to be developed. In this way we can achieve maximum results with minimum efforts.

We know that an industry is an organism in itself. It requires good coordination. Coordination comes from a careful estimation of raw materials needed in a certain production process in a certain industry. For instance, to produce 1,000 tons of pig iron, a plant needs 1,550 tons of iron ore, 1,000 tons of coke, 25 tons of manganese ore, 10 tons of limestone, and 230 tons of furnace dusts.

If pig iron is used as raw material to produce something else, the production process will be altogether different. For another example, to produce one ton of pure alkalis, a plant needs 2,000 tons of salt, 1,700 tons of limestone, 8 tons of ammonia, 270 kilowatts of electric power, 400 tons of coal, and 150 tons of coke.

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